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Statement

U.S. Department of Agriculture • Office of Information

Statement on European Community Proposal on Agriculture by Richard E. Lyng Secretary of Agriculture and Clayton Yeutter Special U.S. Trade Representative October 26.

The United States is pleased that the European Community has placed a proposal on agriculture on the negotiating table in Geneva. It is important that the contracting parties to the GATT voice their proposals so that negotiations can get underway.

In particular, we welcome the Commission endorsement of multilateral reductions of incentives to production and encouragement of the separation of farm income from production. These are major departures from past EC position and it gives us hope that we will be able to make some significant progress in these areas during the Uruguay Round negotiation.

Much of the Commission proposal, however, is disappointing to the United States. It appears to propose an extension of the Community's highly managed agricultural system, including maintenance of extensive export subsidies and restrictive trade practices. Despite citing the Uruguay Round's goal of a greater market orientation for the world's farmers, the EC proposal appears to be a list of schemes to increase the role of governments in setting prices and controlling production, to expand the scope of export subsidies by legitimizing subsidies for processed products, and to carve up the world marketplace between existing big players. In so doing, the Commission's proposal makes no distinction between efficient and inefficient producers, the essence of adjustment in agriculture.

In the case of soybeans and non-grain feed ingredients, it even proposes to increase protection by withdrawing GATT bindings. This does not represent an opening up of world trade; it is a closing down of trade opportunities. As we agreed in Punta del Este, we are embarked on these negotiations to expand trade, not to shrink it.

The United States views the Uruguay Round as an historic opportunity to move the world away from confrontation and conflict by addressing the root cause of the problem of agriculture—government supports which

distort production and trade. To achieve the goal of a lasting equilibrium in global supply and demand, we believe the negotiations must focus on phasing out distortive government support programs, including export subsidization. We think the Uruguay Round must also address the critical need to improve market access, especially for developing countries. It must encourage innovation and more efficient use of resources and permit the changes with technological advancements demand.

The United States believes that all contracting parties, the United States, the European Community and all other GATT members should work together to ensure that the Uruguay Round will lead to the kind of agricultural trading system the world desperately needs. As negotiations commence, each proposal should be judged on how well it will accomplish these goals.

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Statement on Cairns Group and Canadian Proposals on Agriculture by Richard E. Lyng Secretary of Agriculture and Clayton Yeutter Special U.S. Trade Representative October 27.

The United States is very pleased that the Cairns Group and Canada have tabled proposals for agricultural reform in the Uruguay Round negotiations. In the case of the Cairns Group, the proposal represents the culmination of efforts by 13 countries, including Canada, all of whom can take credit for making a significant contribution to the agriculture negotiations.

The United States echoes the Cairns Group and Canada's conviction that a market oriented agriculture, free of market access barriers and trade and production distorting subsidies, will best bring about a lasting resolution to the perennial surpluses, excessive budget expenditures and stymied growth in agriculture throughout the world. We have all drawn many of the same conclusions: These negotiations must be comprehensive, multilateral and multi-commodity; and reduce the overall level of support to agriculture that is distorting the price signals received by our farmers.

While we agree with much of the basic thrust of these two proposals, the strong emphasis on short term measures poses us some concern. We are pleased to see that the Cairns Group recognizes that short term measures will only have the desired impact as an integral part of the long

term reform process. The United States has indicated its willingness to begin implementation of our long term commitments in 1989 and in such a way as to bring meaningful results immediately. Action in the short term is possible, but it should be in the form of first steps towards true reform.

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News Releases

U.S. Department of Agriculture • Office of Information

USDA ANNOUNCES PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON

WASHINGTON, Oct. 22—Acting Under Secretary of Agriculture Thomas O. Kay today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price), for Strict Low Middling (SLM) 1-1/16 inch (micronaire 3.5-4.9) upland cotton (base quality) and the coarse count adjustment in effect from 12:01 a.m. Friday, Oct. 23, through 12:00 midnight Thursday, Oct. 29.

Since the AWP is above the 1987-crop base quality loan rate of 52.25 cents per pound, the loan repayment rate for 1987-crop upland cotton during this period is equal to the loan rate for the specific quality and location.

The AWP will be used to determine the value of upland cotton that is obtained in exchange for commodity certificates. However, no coarse count adjustment will be applicable during the period because the adjustment is less than 1.00 cent per pound.

Based on data for the week ending Oct. 22, the AWP for upland cotton and the coarse count adjustment are determined as follows:

Adjusted World Price			
Northern Europe Price		74.64	
Adjustments:			
Average U.S. spot market location	9.69		
SLM 1-1/16 inch cotton	2.00		
Average U.S. location	0.44		
Sum of Adjustments		-12.13	
ADJUSTED WORLD PRICE		62.51	cents/lb.
Coarse Count Adjustment			
Northern Europe Price		74.64	
Northern Europe Coarse Count Price		-69.28	
		5.36	
Adjustment to SLM 1-inch cotton		-6.25	
		-0.89	
COARSE COUNT ADJUSTMENT		0	cents/lb.

The next AWP and coarse count adjustment announcement will be made on Oct. 29.

Charles Cunningham (202) 447-7954

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LOSSES PREDICTED FOR U.S. LIVESTOCK PRODUCERS IF EEC BANS GROWTH IMPLANTS

WASHINGTON, Oct. 23—U.S. producers who use growth-promoting implants in livestock will lose their $930 million share of the world export market for beef if the European Economic Community and other countries ban the implants but the United States does not, according to a U.S. Department of Agriculture study.

The EEC has proposed to ban the use of anabolics to promote growth in animals, effective Jan. 1, 1988. The U.S. Trade Representative has challenged the proposed EEC ban through the standards code of the General Agreement on Tariffs and Trade.

"The report shows that the ban would have a profound economic effect on the American beef industry," said Lester M. Crawford, administrator of USDA's Food Safety and Inspection Service.

"Moreover, the ban would in no way improve public health protection," Crawford said. "Many scientific, non-political forums have confirmed the safety of properly used and regulated anabolic agents. In July, for example, an expert committee of the Codex Alimentarius Commission established temporary acceptable daily intake levels and residue limits for some anabolics, and determined that limits were unnecessary for others."

Livestock implanted with approved hormone compounds develop more muscle tissue and less fat than other animals at the same weight. The implant are usually placed in the ears, which are removed at slaughter. The U.S. Food and Drug Administration has approved several anabolic implants for use with cattle and sheep.

The USDA study shows how cattle production costs and returns in the United States and 26 other beef-producing countries would be affected by the proposed EEC ban. It predicts substantial losses for cattle producers world-wide if the EEC puts the ban into effect unilaterally.

The report also takes into account the increased value per animal that results from the use of anabolic implants, and estimates the value of implants at the three basic stages of production—suckling, grazing and feedlot finishing. The report also gives estimates of the economic impact of an implant ban on lamb and mutton production.

The report was prepared in response to a 1986 recommendation of the Inter-American Institute on Cooperation in Agriculture. The institute is an intergovernmental organization funded by 31 nations in North and South America including many beef-producing countries.

The three-volume report, entitled "Economic Impact of the European Economic Community's Ban on Anabolic Implants," was authored by G. Edward McEvoy and Gary A. Pastoria of the FSIS Policy and Planning Staff, and Dr. Floyd M. Byers of Texas A&M University. Copies of the executive summary and a reference copy of the report itself are available from the office of Patrici Stolfa, Deputy Administrator for International Programs, FSIS, Room 341-E, U.S Department of Agriculture, Washington, D.C., 20250; telephone (202) 447-3473.

Sharin Sachs (202) 447-911

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USDA ANNOUNCES REQUIREMENTS FOR STREAMLINED POULTRY INSPECTION SYSTEM

WASHINGTON, Oct. 23—Facility and equipment requirements for a poultry inspection system implemented last year will become effective Dec. 21, a USDA official announced today.

"The Streamlined Inspection System is a relatively new, cost-effective approach to poultry inspection that places more responsibility on industry," said Lester M. Crawford, administrator of USDA's Food Safety and Inspection Service.

SIS is one of several new inspection processing systems implemented since 1979. After slaughter, SIS inspectors determine which birds are to be salvaged, reprocessed, condemned, retained or passed subject to reinspection. Plant employees, following the inspector's directions, then mark carcasses for trimming. After the trimming, inspectors reexamine the carcasses to ensure that defects have been removed.

The SIS system is used in approximately 145 poultry plants that slaughter cornish game hens and broilers. This final rule lists dimensions for facilities at inspection and reinspection stations that are necessary parts of this new system. The rule has other requirements which include maintaining equipment to ensure proper lighting, handwashing facilities, adjustable platforms and carcass selection devices at inspection stations.

The costs of complying with these requirements are expected to be minor. "USDA believes that the savings in overtime inspection costs and increased productivity will be substantial," Crawford said.

FSIS published an interim rule establishing the new SIS system in January 1986, and at the same time issued a proposed regulation on facilities and equipment requirements. Nine comments, eight from poultry processors and one from a poultry association, were received on the proposal.

The Food Safety and Inspection Service inspects meat and poultry to ensure that they are safe, wholesome and accurately labeled. FSIS also inspects premises, facilities and equipment to ensure they are clean and sanitary. FSIS provides a list of approved equipment for processing plants, approves blueprints for plant changes or alterations and determines facility and equipment requirements for post-slaughter inspection systems.

This final rule was published in the Oct. 21 Federal Register.

Richard Bryant (202) 447-911

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USDA SAYS BEE PARASITE HAS SPREAD TO SEVEN STATES

WASHINGTON, Oct. 26—A U.S. Department of Agriculture official said today that the Varroa mite, a parasitic pest of honeybees, has been confirmed in Florida, Illinois, Nebraska, New York, Ohio, Pennsylvania and Wisconsin.

"These are the first confirmed Varroa mite infestations in the United States," said Donald L. Houston, administrator of USDA's Animal and Plant Health Inspection Service. "We are concerned about the potential damage to our beekeeping industry and to the estimated $20 billion worth of agricultural crops pollinated by bees each year."

The Varroa mite is an external parasite of bees that causes decreased brood and weakening of the entire colony. Although not harmful to humans, the mite can spread quickly to other colonies.

Houston said that since Sept. 25 mites have been found in 23 counties in Florida and 18 counties in Wisconsin. They have also been confirmed in Sangamon County, Ill., Boyd County, Neb., Allegheny County, N.Y., Paulding County, Ohio, and Clinton County, Pa.

In Nebraska and Wisconsin, officials have imposed quarantine restrictions that stop the movement of honeybees—including package bees, bee equipment, or honeycomb with brood—out of infested areas.

"We are cooperating with the affected states to carry out regulatory action and conduct delimiting surveys to determine the extent of the infestation," Houston said. "If more mites are found, hold orders will be placed on those premises. The size of the problem will determine if further action is necessary."

Houston said inspectors will be sampling managed and wild bees at eac Varroa mite find to determine if the pest has spread to other bee colonies.

He said APHIS is recommending that all other states declare a moratorium on bee movement and is working with them to conduct detection surveys for the mite. An agency technical committee, composed of representatives from federal and state agencies, universities and honeybee-related industries, will make further recommendations on control of the mite.

Bonnie Aikman (301) 436-7799

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USDA SAYS CONSERVATION RESERVE PROGRAM REDUCES EROSION

WASHINGTON, Oct. 26—The Conservation Reserve Program is reducing erosion by keeping approximately 467 million tons of soil annually on the nearly 23 million acres of land contracted in the program so far, according to Wilson Scaling, chief of the U.S. Department of Agriculture's Soil Conservation Service.

"This represents about 16 percent of all of the soil erosion that occurs annually on the nation's cultivated cropland," Scaling said. "When the program goal of retiring 40-45 million acres of highly erodible land is met by 1990, CRP should reduce erosion on all cultivated land by 25 percent."

Land enrolled in the program is ineligible for cropping and must be planted with permanent vegetative cover, including trees.

According to USDA figures, the average erosion rate on the 22.9 million acres of land contracted under CRP will drop from 22 to 1.7 tons per acre when placed in permanent cover. Farmers from 46 states and Puerto Rico are participating in the program with Texas and Kansas having the largest number of acres contracted through the fifth signup held in July.

"We're halfway toward our goal a year and a half after the program was authorized," Scaling said. "The program is working well. It is helping to battle erosion in areas where help was needed. CRP is combating wind erosion in the Great Plains and is proving to be effective in fighting sheet and rill erosion in the Cornbelt."

CRP is administered by USDA's Agricultural Stabilization and Conservation Service, with assistance from other USDA agencies including SCS and the Forest Service. Participants receive cost-share payments of up to 50 percent of the cost of establishing trees or grass on the acreage placed in the program. The average cost-share amount to be paid by USDA is $37.51 per acre. These payments partially reimburse farmers for the one-time costs of establishing required conservation practices on their cropland.

Farmers also receive annual rental payments for retiring their land through 10-year contracts. The average annual rental rate to be paid to farmers participating through five signups is $48.40.

The next CRP signup will be Feb. 1-19, 1988.

CONSERVATION RESERVE PROGRAM: All Signups (1-5)
Erosion Reduction on CRP Acres by State*

State	CRP Contracts	Contracted Acres	Erosion Reduced Tons/year
ALABAMA	5,446	370,911	6,679,033
ALASKA	44	28,881	161,437
ARKANSAS	1,631	132,719	2,160,080
CALIFORNIA	374	153,972	2,095,383
COLORADO	4,604	1,583,722	40,934,513
DELAWARE	4	155	2,961
FLORIDA	1,180	70,797	1,157,286
GEORGIA	7,218	372,552	5,005,615
HAWAII	1	85	340
IDAHO	2,503	631,583	10,086,279
ILLINOIS	7,335	344,002	7,131,824
INDIANA	4,386	187,803	3,219,648
IOWA	19,483	1,420,111	27,173,895
KANSAS	18,419	1,979,918	32,615,746
KENTUCKY	5,518	327,635	11,811,780
LOUISIANA	739	59,396	917,331
MAINE	500	21,366	212,922
MARYLAND	115	3,714	44,542
MASSACHUSETTS	2	25	190
MICHIGAN	2,572	114,280	1,117,498
MINNESOTA	19,167	1,515,864	22,455,853
MISSISSIPPI	7,255	486,231	11,972,749
MISSOURI	13,813	1,181,956	21,939,106
MONTANA	4,509	1,762,231	23,530,099
NEBRASKA	8,346	949,358	22,476,459
NEVADA	3	1,096	2,435
NEW JERSEY	14	322	7,049
NEW MEXICO	1,392	455,390	18,836,364
NEW YORK	940	36,077	422,275
NORTH CAROLINA	3,083	84,005	1,364,386
NORTH DAKOTA	7,774	1,448,884	16,643,936

OHIO	2,929	134,857	1,932,836
OKLAHOMA	5,861	870,666	20,510,897
OREGON	1,622	479,605	5,363,869
PENNSYLVANIA	1,270	46,924	848,260
PUERTO RICO	4	228	10,196
SOUTH CAROLINA	3,686	174,705	2,295,808
SOUTH DAKOTA	4,955	846,763	9,523,137
TENNESSEE	6,615	307,911	7,397,152
TEXAS	11,803	2,782,533	103,825,051
UTAH	826	212,806	3,584,924
VERMONT	9	208	2,055
VIRGINIA	1,448	38,701	613,051
WASHINGTON	3,067	805,835	10,622,080
WEST VIRGINIA	19	388	3,284
WISCONSIN	8,963	353,116	5,722,691
WYOMING	644	215,721	2,351,488
U.S. Total	202,091	22,996,005	466,785,794

*Arizona, Connecticut, New Hampshire and Rhode Island have no CRP contracts.

Thomas Ponton (202) 447-2889

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USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES

WASHINGTON, Oct. 27—Acting Under Secretary of Agriculture Richard W. Goldberg today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

—long grain whole kernels, 10.21 cents per pound;
—medium grain whole kernels, 9.42 cents per pound;
—short grain whole kernels, 9.35 cents per pound;
—broken kernels, 5.10 cents per pound.

Loan repayment rates for 1986 or 1987 crop warehouse or farm-stored rice loans are the higher of the world prices or 50 percent of the loan rates.

Based upon these prevailing world market prices for milled rice, the estimated average world prices for 1987 crop rough rice are:

—long grain, $6.32 per hundredweight;

—medium grain, $5.94 per hundredweight;

—short grain, $5.77 per hundredweight.

The prices announced are effective today at 3:00 p.m. EST. The next scheduled price announcement will be made Nov. 3 at 3:00 p.m. EST, although prices may be announced sooner if warranted.

Gene Rosera (202) 447-595

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USDA ANNOUNCES 1988 UPLAND COTTON PROGRAM PROVISIONS

WASHINGTON, Oct. 29—Secretary of Agriculture Richard E. Lyng today announced a 12.5 percent acreage reduction and other provisions of the 1988 upland cotton program. They include:

—The established target price will be 77 cents per pound.

—The loan level will be 51.8 cents per pound for the base quality of upland cotton (Strict Low Middling (SLM) 1-1/16 inch, micronaire 3.5 through 4.9, at average U.S. location).

—USDA intends to implement the Plan B marketing loan program in the event the adjusted world price for upland cotton falls below the announced loa level. Currently, the adjusted world price is well above the loan level. If the adjusted world price during a week in which a loan repayment occurs should fall below 51.8 cents per pound, 1988 crop cotton pledged as collateral for a price support loan may be repaid at the adjusted world price in effect for tha week.

The adjusted world price is determined for the base quality. It will be adjusted on the basis of quality and location using the 1988 crop price support program schedules of premiums and discounts for grade and staple, discounts for micronaire, location differentials, and any coarse count adjustment in effect for the week in which the loan repayment occurs. The adjusted world price for any quality will not be established at less than 5 cents per pound.

Whenever the adjusted world price for a week in which a loan repaymen occurs is above the loan level, 1988 crop upland cotton pledged as collateral for a price support loan may be repaid at the loan

level for the specific quality and location.

Accrued interest, reconcentration charges previously paid by the Commodity Credit Corporation, and warehouse charges on 1988 crop upland cotton under extended loan that have been previously paid by CCC, will be added to th loan repayment value on all loan collateral redeemed with cash.

—Loan deficiency payments will be made to eligible producers who agree to forego loan eligibility if the loan repayment rate is less than the announced loan level. The payment rate will equal the difference between the loan level and the loan repayment rate during the week in which the cotton is sold. Up to 50 percent of any loan deficiency payments may be made in commodity certificates. Producers may elect to forego loan eligibility and receive loan deficiency payments on a bale-by-bale basis.

—Any commodity certificates issued under the 1988 upland cotton program may be exchanged for any commodity in CCC inventory that is made available by CCC, including upland cotton of any crop which had been pledged to CCC as collateral for a price support loan. Upland cotton obtained with a commodity certificate will be valued at the adjusted world price in effect during the week in which the certificate is presented to CCC for exchange. The adjusted world price will be adjusted for quality and, in the case of CCC inventory, for any coarse count adjustment, following the same procedure as for cash loan repayments, with a minimum adjusted world price of 5 cents per pound

—A recourse loan program for upland seed cotton will be continued.

—A paid land diversion program will not be implemented.

—The inventory reduction program will not be implemented.

Lyng said he reserves the right to initiate cost reduction options as provided in Section 1009 of the Food Security Act of 1985. These options may include reopening or changing a program contract entered into by a producer if the producer voluntarily agrees to the change.

Common program provisions that apply to the 1988 wheat, feed grains, upland cotton, extra long staple cotton and rice programs were announced on July 2 and Aug. 25.

Sign-up dates and other details of the 1988 upland cotton program will be announced later.

Robert Feist (202) 447-678

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON

WASHINGTON, Oct. 29—Acting Under Secretary of Agriculture Richard W. Goldberg today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price), for Strict Low Middling (SLM) 1-1/16 inch (micronaire 3.5-4.9) upland cotton (base quality) and the coarse count adjustment in effect from 12:01 a.m. Friday, Oct. 30, through 12:00 midnight Thursday, Nov. 5.

Since the AWP is above the 1987-crop base quality loan rate of 52.25 cents per pound, the loan repayment rate for 1987-crop upland cotton during this period is equal to the loan rate for the specific quality and location.

The AWP will be used to determine the value of upland cotton that is obtained in exchange for commodity certificates. However, no coarse count adjustment will be applicable during the period because the adjustment is less than 1.00 cent per pound.

Based on data for the week ending Oct. 29, the AWP for upland cotton and the coarse count adjustment are determined as follows:

Adjusted World Price		
Northern Europe Price		71.96
Adjustments:		
Average U.S. spot market location	9.70	
SLM 1-1/16 inch cotton	2.00	
Average U.S. location	0.44	
Sum of Adjustments		-12.14
ADJUSTED WORLD PRICE		59.82 cents/lb.
Coarse Count Adjustment		
Northern Europe Price		71.96
Northern Europe Coarse Count Price		-67.02
		4.94
Adjustment to SLM 1-inch cotton		-6.25
		-1.31
COARSE COUNT ADJUSTMENT		0 cents/lb.

The next AWP and coarse count adjustment announcement will be made on Nov. 5.

Charles Cunningham (202) 447-7954

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